

# **Low-Income Health Care Overview**

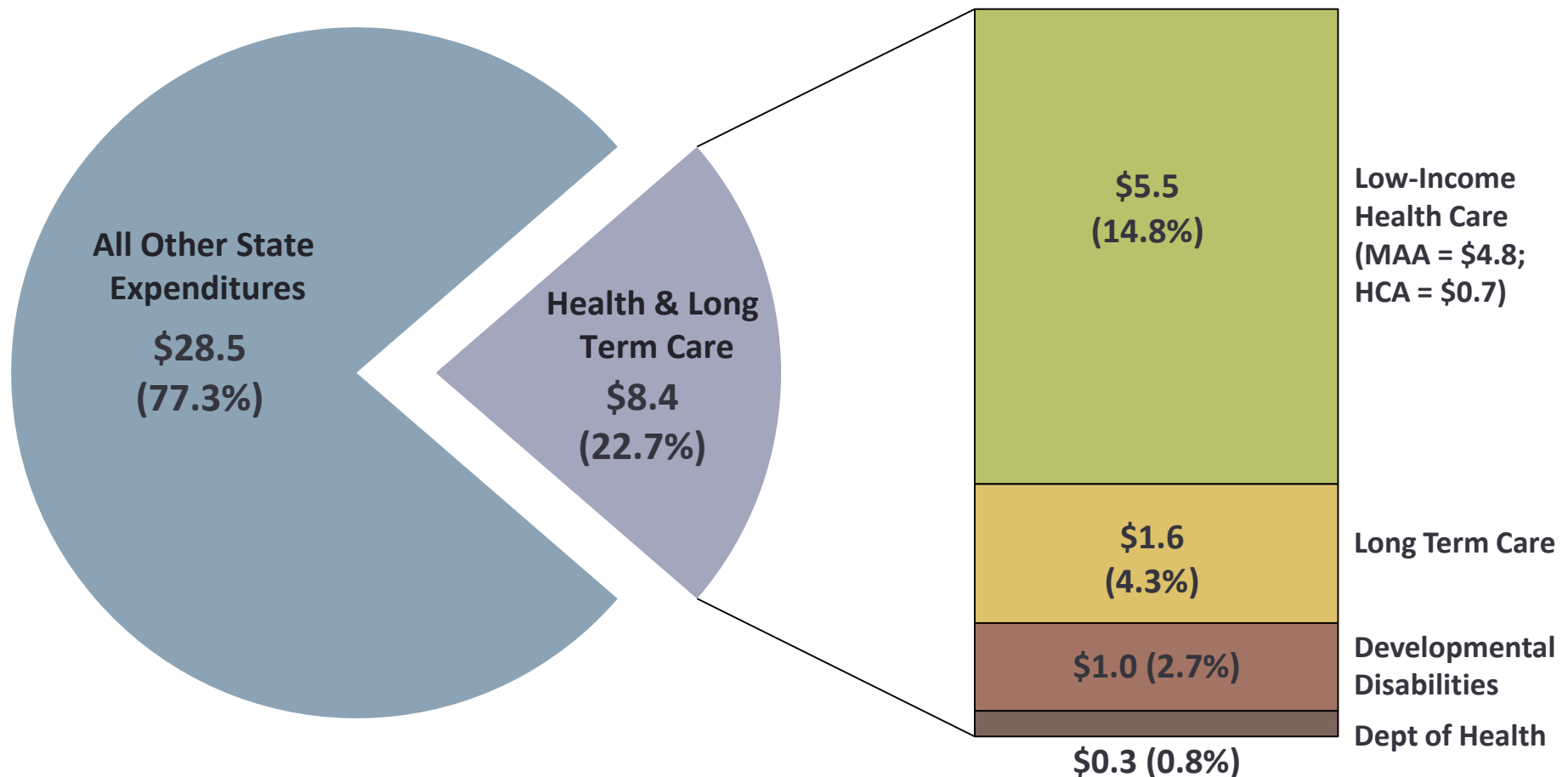
**Prepared by Senate Ways and Means Committee Staff**

*January 19<sup>th</sup>, 2009*

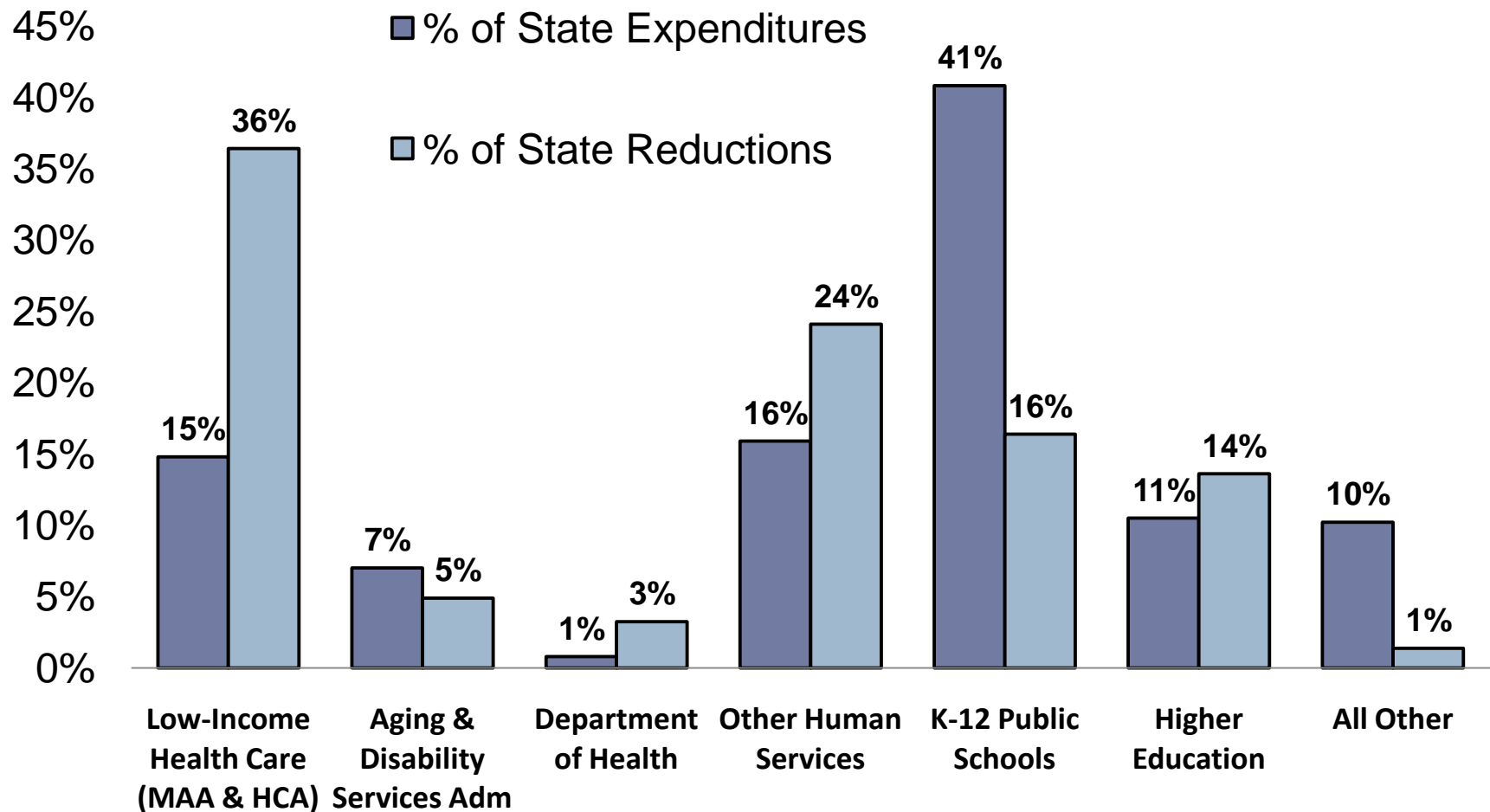


# State expenditures on Health & Long Term Care programs relative to the rest of the state budget

## *2009-11 NGFS Maintenance Level in Billions*



# Low-income health care programs comprise 15% of state expenditures yet account for 36% of reductions\*

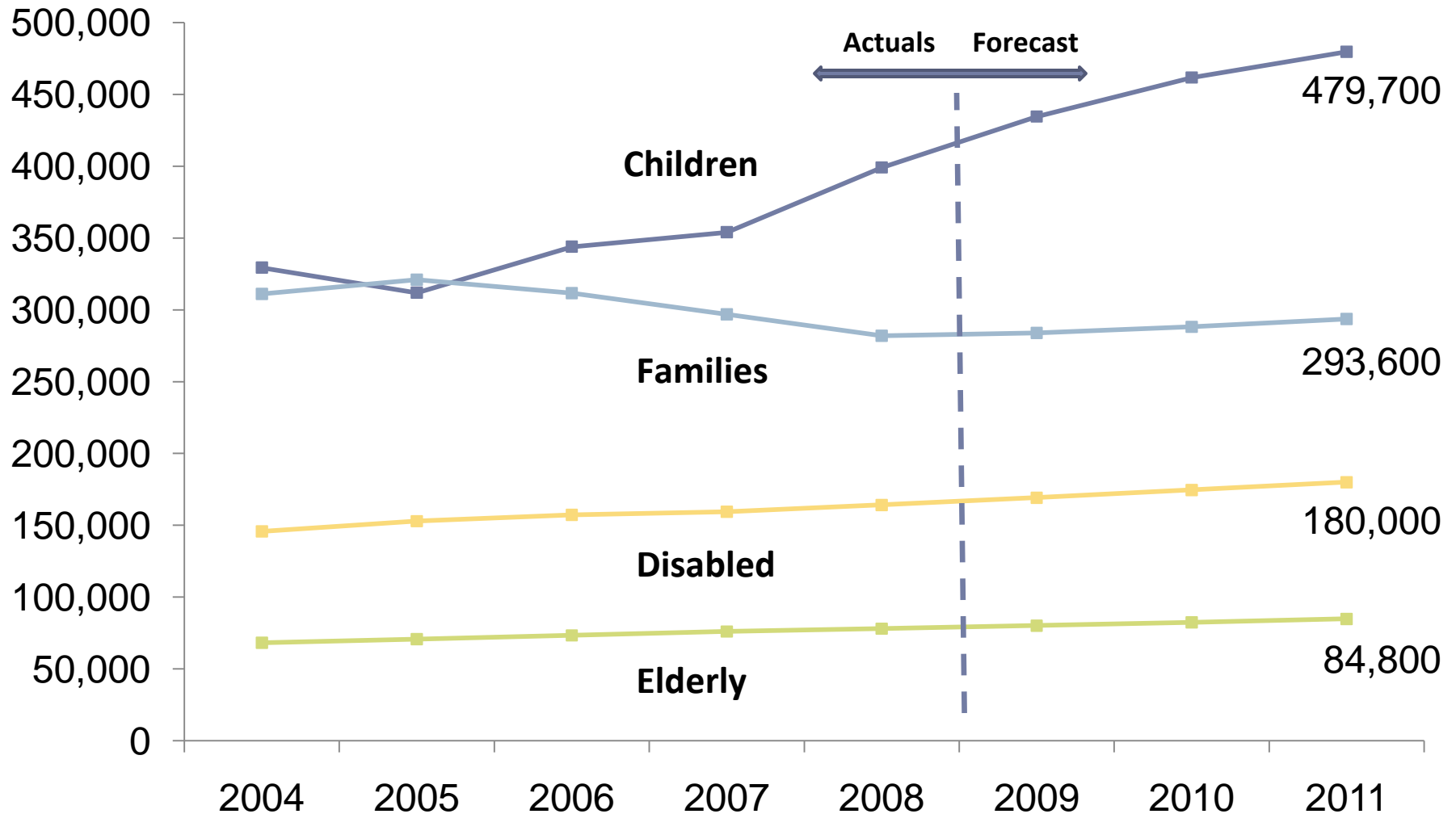


# Agenda

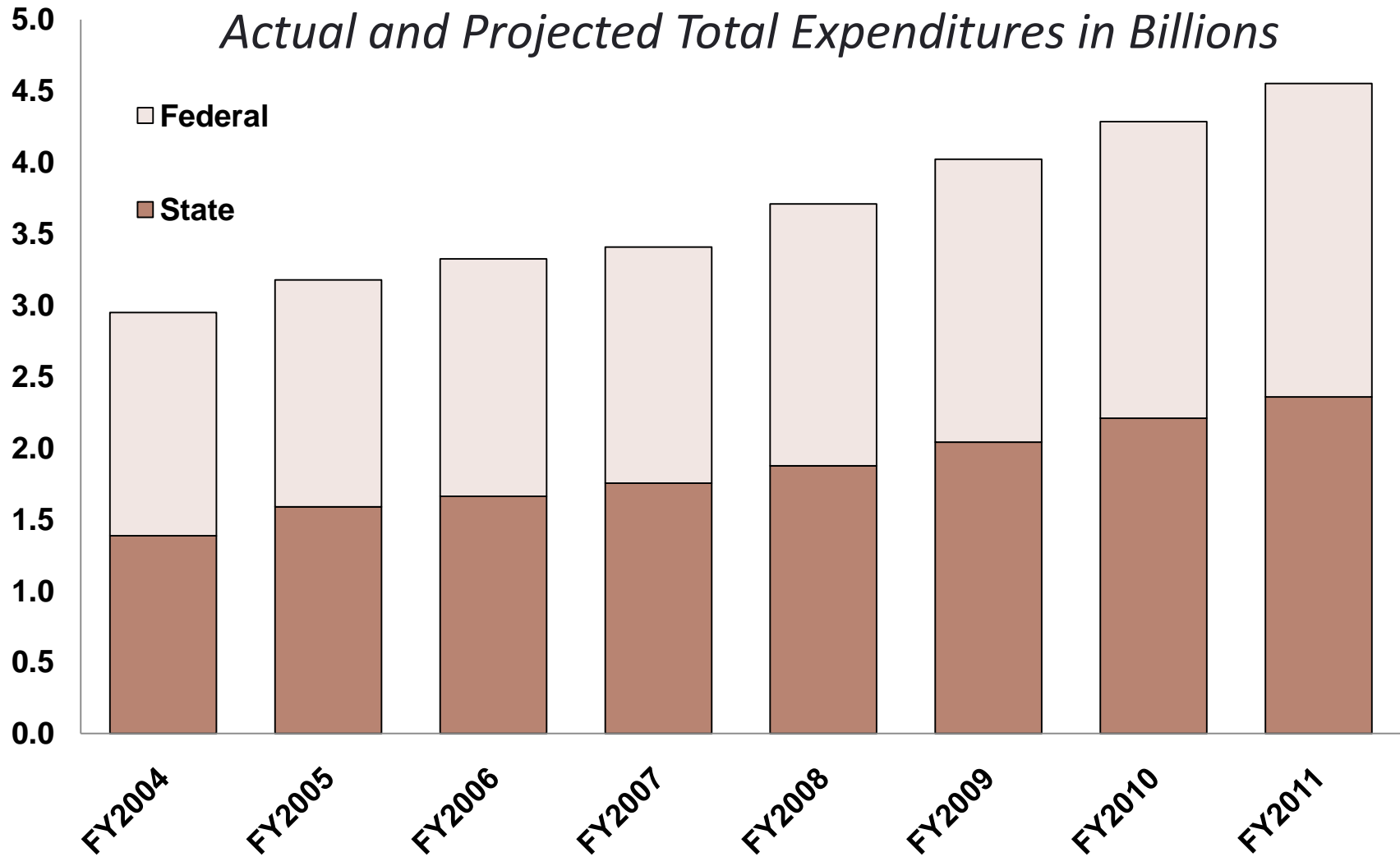
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- ▶ **Review overall caseload and expenditure trends**
  - ▶ Medical Assistance Administration
  - ▶ Basic Health Plan
  
- ▶ **Provide some context for making budget reductions:**
  1. **Categories of options**
  
  2. **Recent additions (2007-09) and reductions from the last budget crisis (2003-05)**
  
  3. **Framework for discussion of the Governor's budget**
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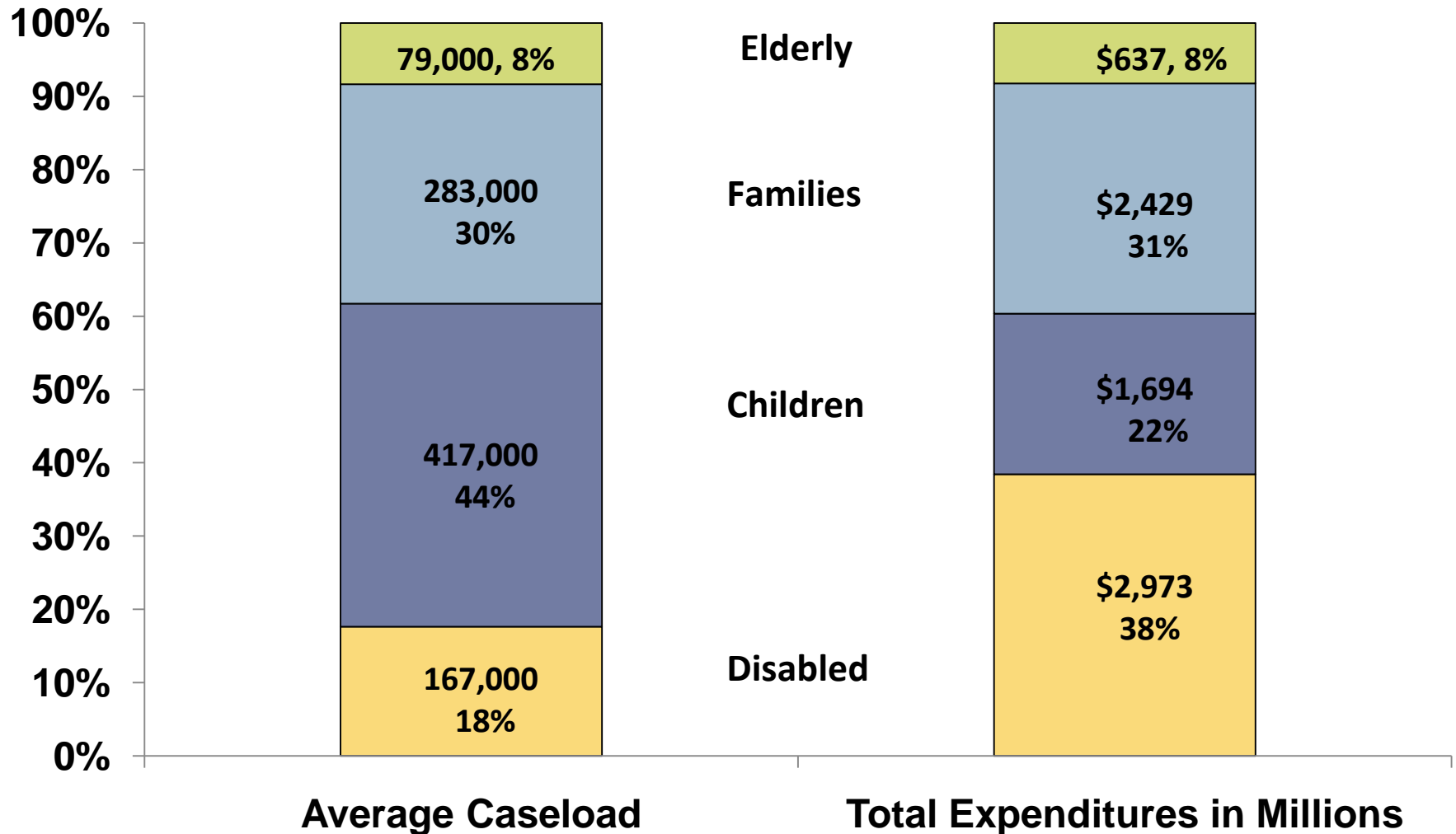
# Medical Assistance is projected to serve over 1 million people in the 2009-11 biennium



# Total expenditures are projected to grow by 6.4 percent per year for the 2009-11 biennium

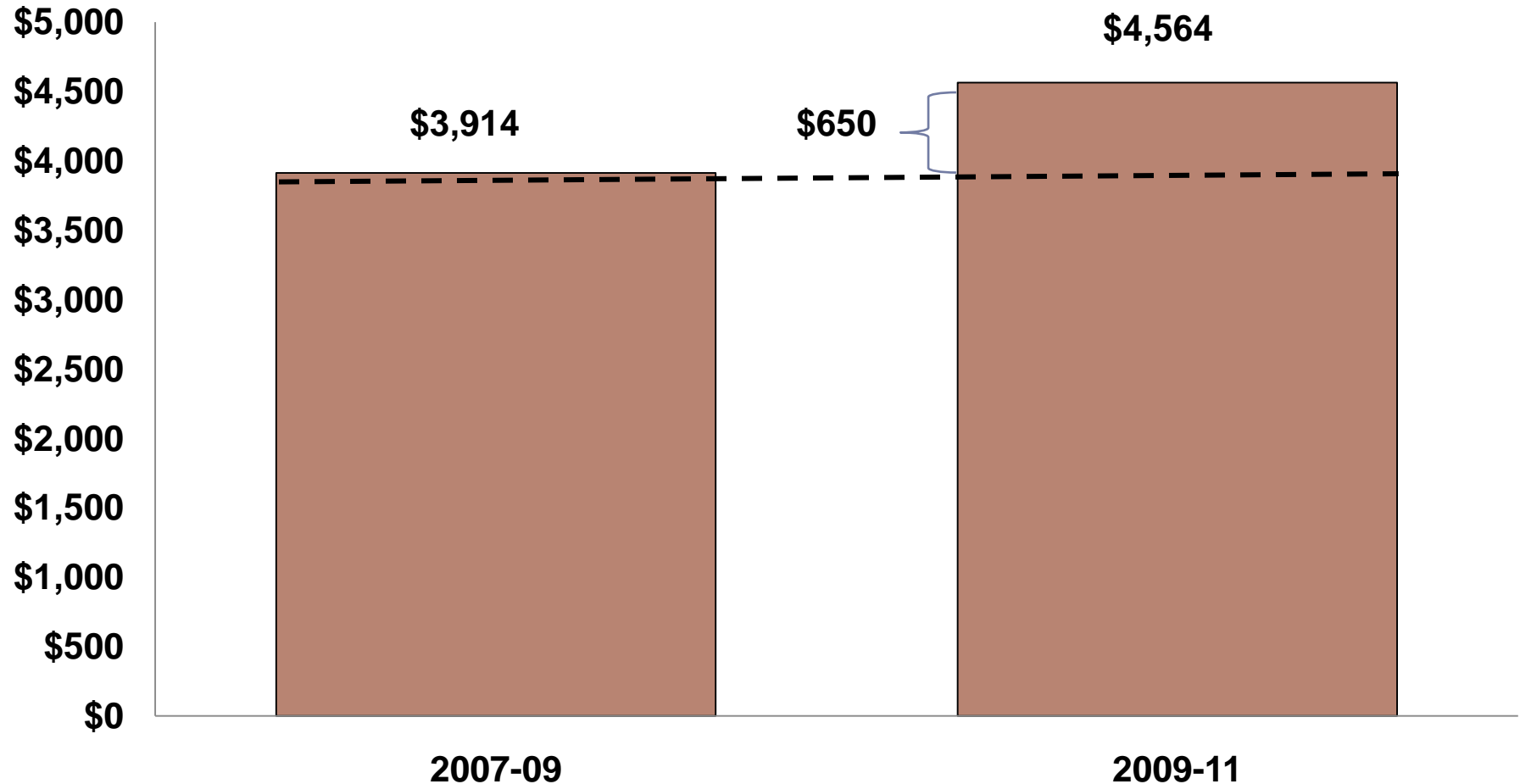


# Disabled caseload comprises almost 40 percent of the \$7.7 billion in total expenditures in the 2007-09 biennium



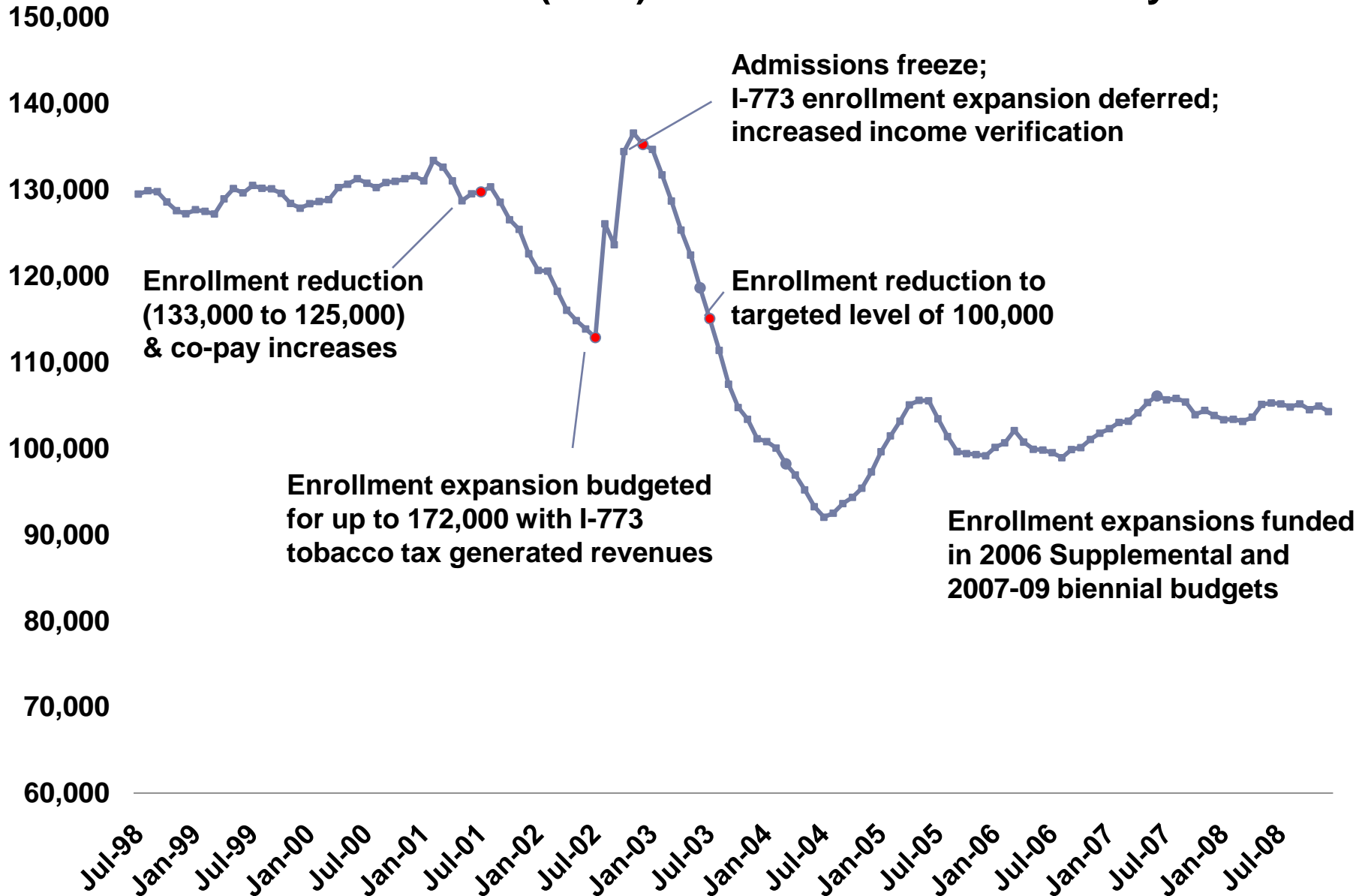
# \$650 million in additional state funds are needed in order to maintain current demand

*Actual and Projected State Expenditures in Millions*



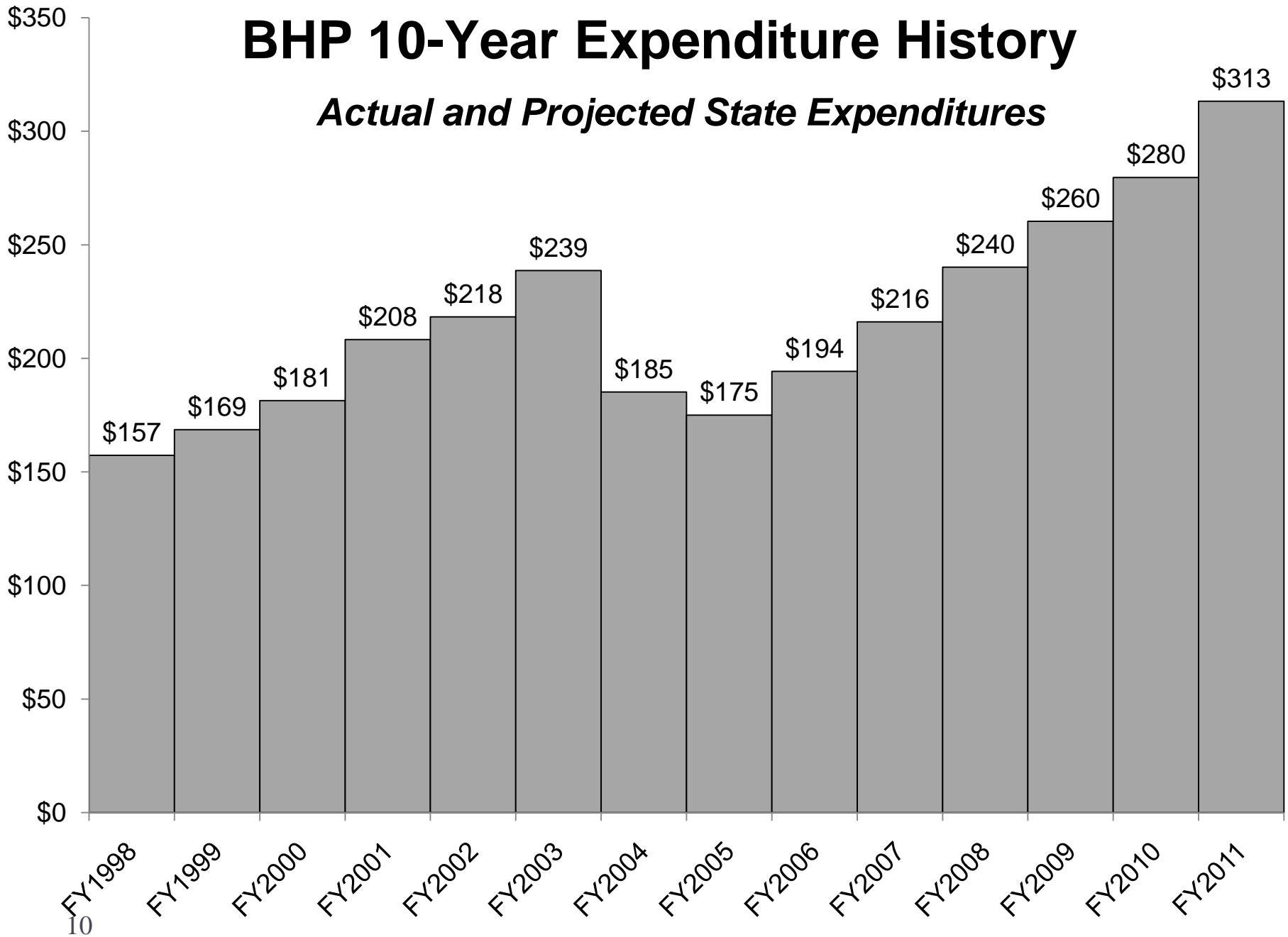


# Basic Health Plan (BHP) 10 Year Enrollment History



# BHP 10-Year Expenditure History

*Actual and Projected State Expenditures*



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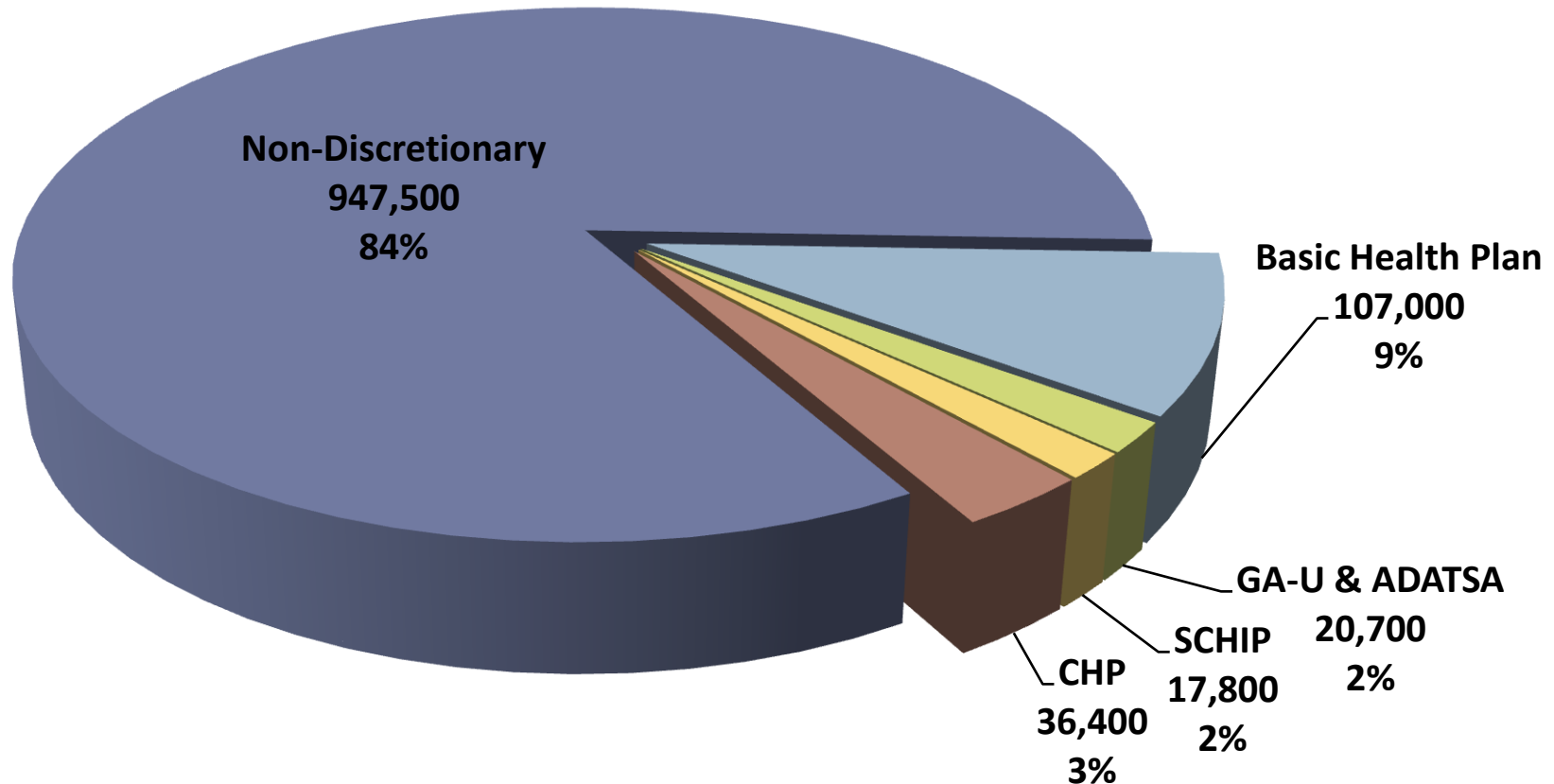
## Some options for making budget reductions

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- ▶ Cover fewer people
- ▶ Cover fewer services
- ▶ Pay providers less
- ▶ Require clients to pay more
- ▶ Be more efficient / manage better
- ▶ Leverage federal match and other funds

# The state has discretion to reduce eligibility for about 16% of low-income health care coverage recipients

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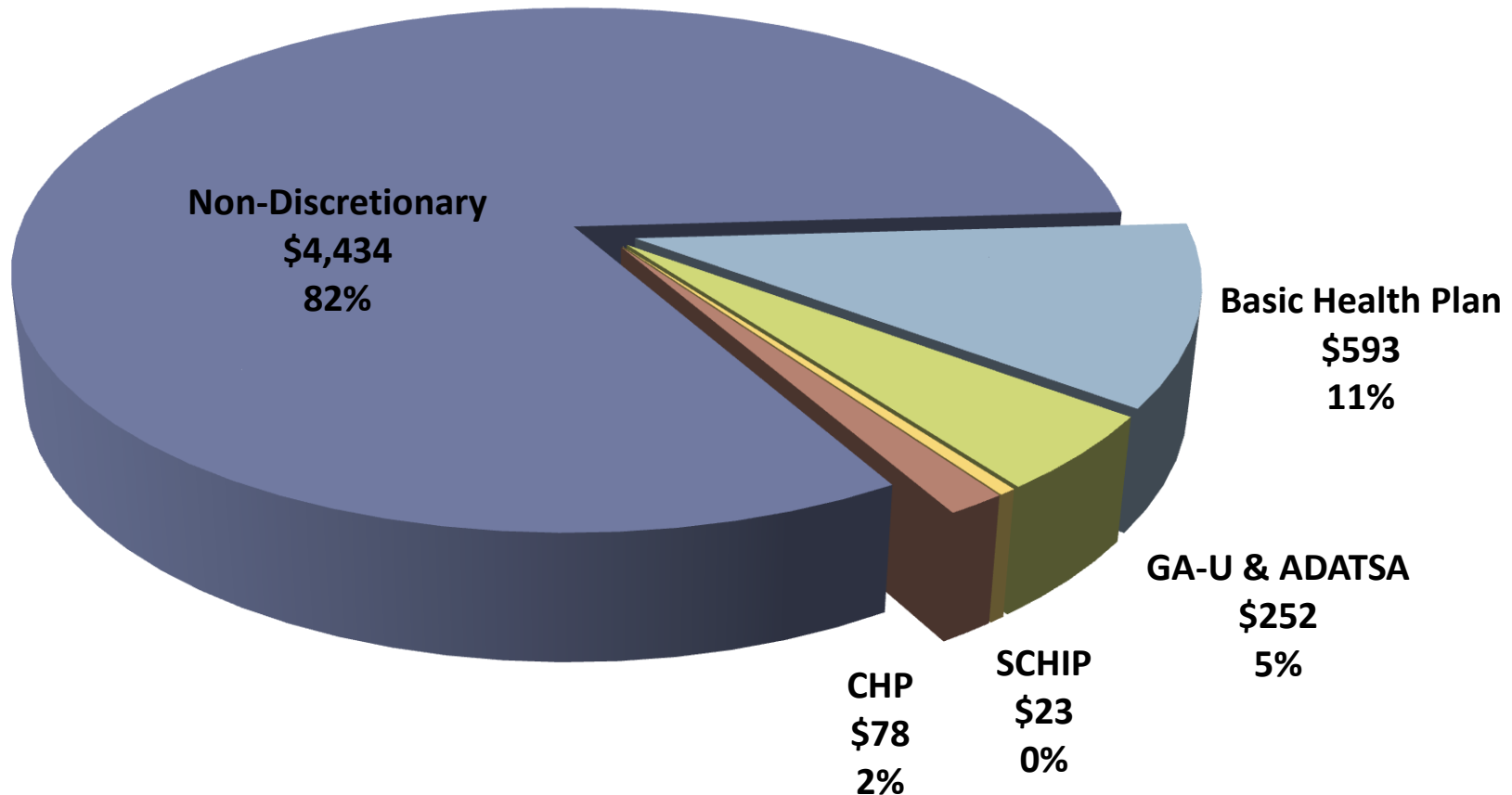
***2009-11 Projected Average Caseload: 1.1 million***

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► <sup>13</sup>Non-discretionary caseloads include some that would be normally considered “optional” under Medicaid rules but that the state would need to maintain eligibility for in order to qualify for the federal economic stimulus package

**This translates into about 18% of state expenditures that are available for eligibility-related reductions**

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***2009-11 Projected State Expenditures: \$5.4 billion***

► 14 “Non-discretionary” caseloads include some that are technically “optional” under Medicaid rules but that the state would need to maintain eligibility for in order to qualify for the federal economic stimulus package

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# 2007-09 Biennium: Policy changes by option

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## Cover more people

- ▶ **Cover All Kids outreach and eligibility expansion:**
  - ❑ undocumented children to 250% FPL in July 2007 and
  - ❑ all children to 300% in January 2009
- ▶ **BHP enrollment expansion**

## Provide more services

- ▶ **Reinstated specific adult dental services**

## Pay providers more

- ▶ **Pediatric and adult office rate increases**
- ▶ **Private-duty nursing rate increase**
- ▶ **Rate increases for selected children's dental services**



# 2003-05 Biennium: Policy changes by option

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## Cover fewer people

- ▶ Basic Health Plan restructured
- ▶ Medically Indigent program eliminated
- ▶ GA-U eligibility requirements tightened

## Cover fewer services

- ▶ Adult dental services reduced by 25 percent

## Pay providers less

- ▶ Managed care premium rate increase reduced

## 2003-05 Biennium: Policy changes by option

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### **Require clients to pay more:**

- ▶ Children's medical premiums (never enacted)

### **Be more efficient / manage better:**

- ▶ Consolidated drug purchasing
- ▶ Increased eligibility verification

### **Leverage federal match:**

- ▶ Funding for immigrant prenatal care from all state to enhanced federal match: leveraging \$2 in federal for every \$1 in state funds

# Agenda

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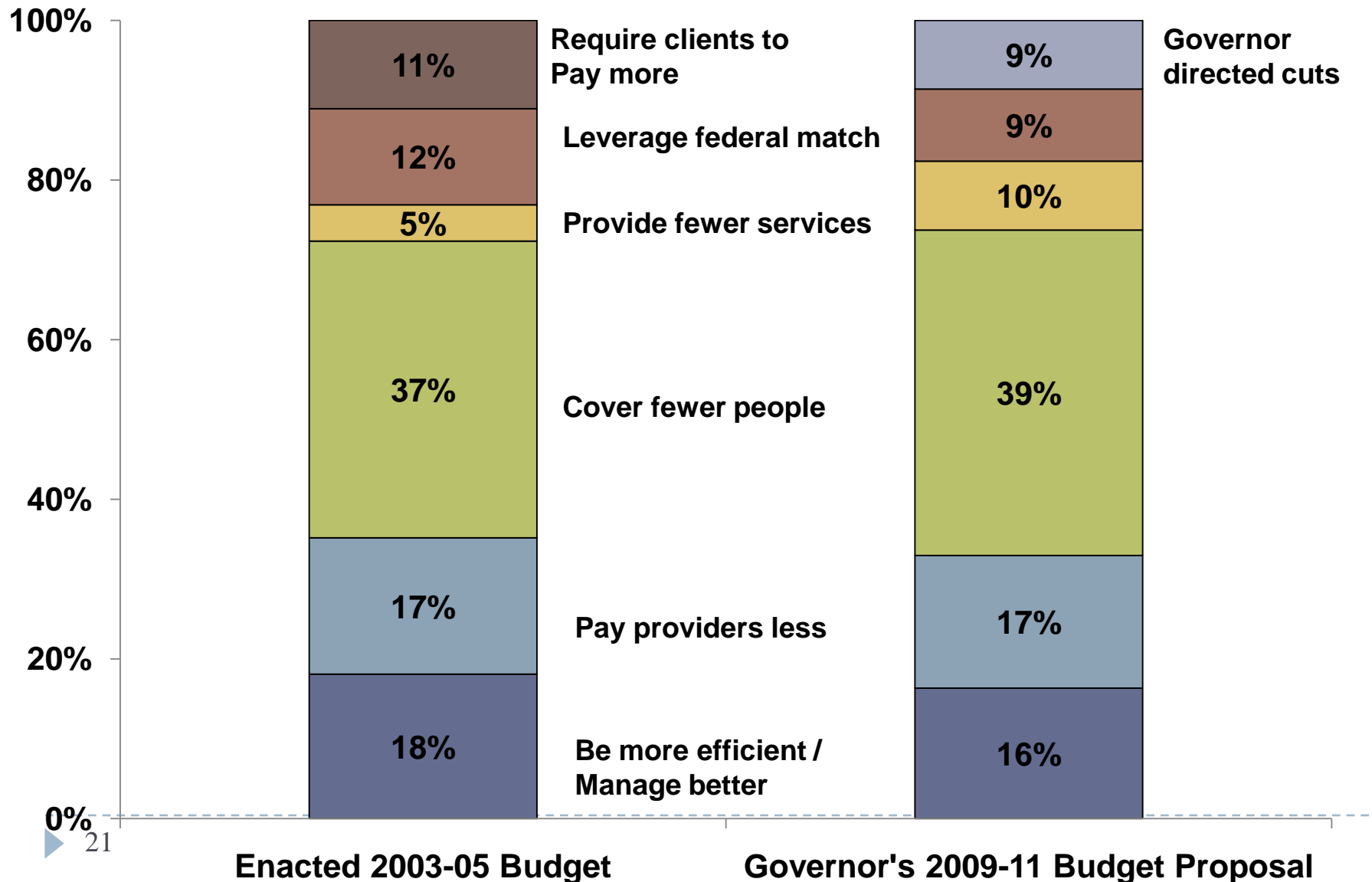
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# The MAA 2009-11 Governor's budget proposal\*

Category	State	Federal	Percent of Total
Eligibility Reductions	(\$261)	(\$47)	39%
Service Reductions	(\$68)	(\$24)	10%
Provider Rate Reductions	(\$111)	(\$122)	17%
Pharmacy & Purchasing Initiatives	(\$109)	(\$261)	16%
Leverage Federal Match	(\$59)	\$59	9%
Governor-directed cuts	(\$58)	(\$57)	9%
<b>TOTAL</b>	<b>(\$665)</b>	<b>(\$452)</b>	<b>100%</b>

► 20 \*Excludes revenue of \$348 million assumed in the budget as part of the federal economic stimulus package.

# A comparison of the 2003-05 MAA budget to the 2009-11 Governor's budget proposal, by option



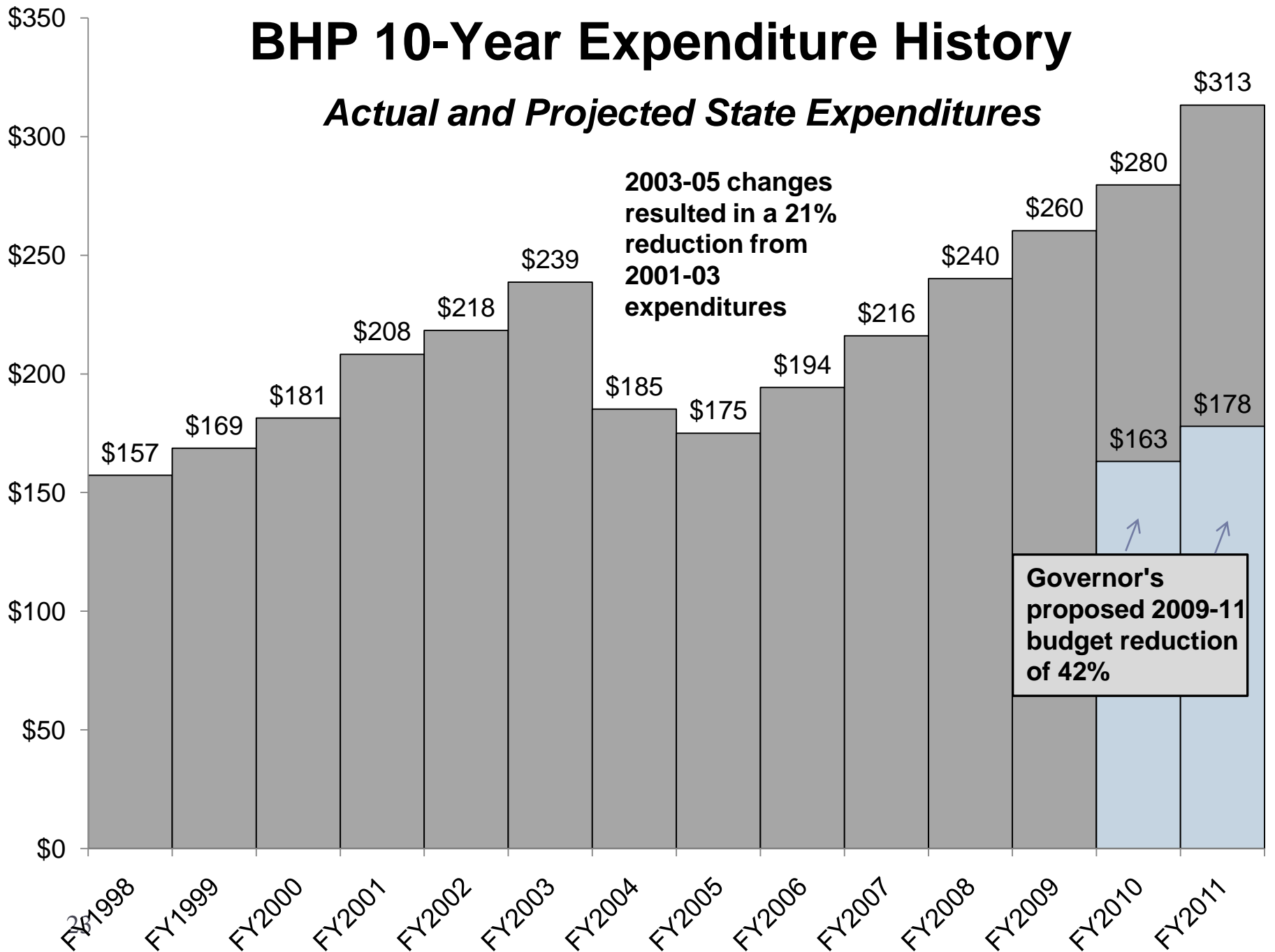
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# BHP 10-Year Expenditure History

## *Actual and Projected State Expenditures*



# Governor's 2009-11 proposal for Basic Health Plan

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**Reduce total Basic Health Plan (BHP) expenditures by 42 percent for a savings of \$252 million**

- ▶ **Cover fewer people in a targeted fashion?**
- ▶ **Cover fewer services?**
- ▶ **Require clients to pay more?**

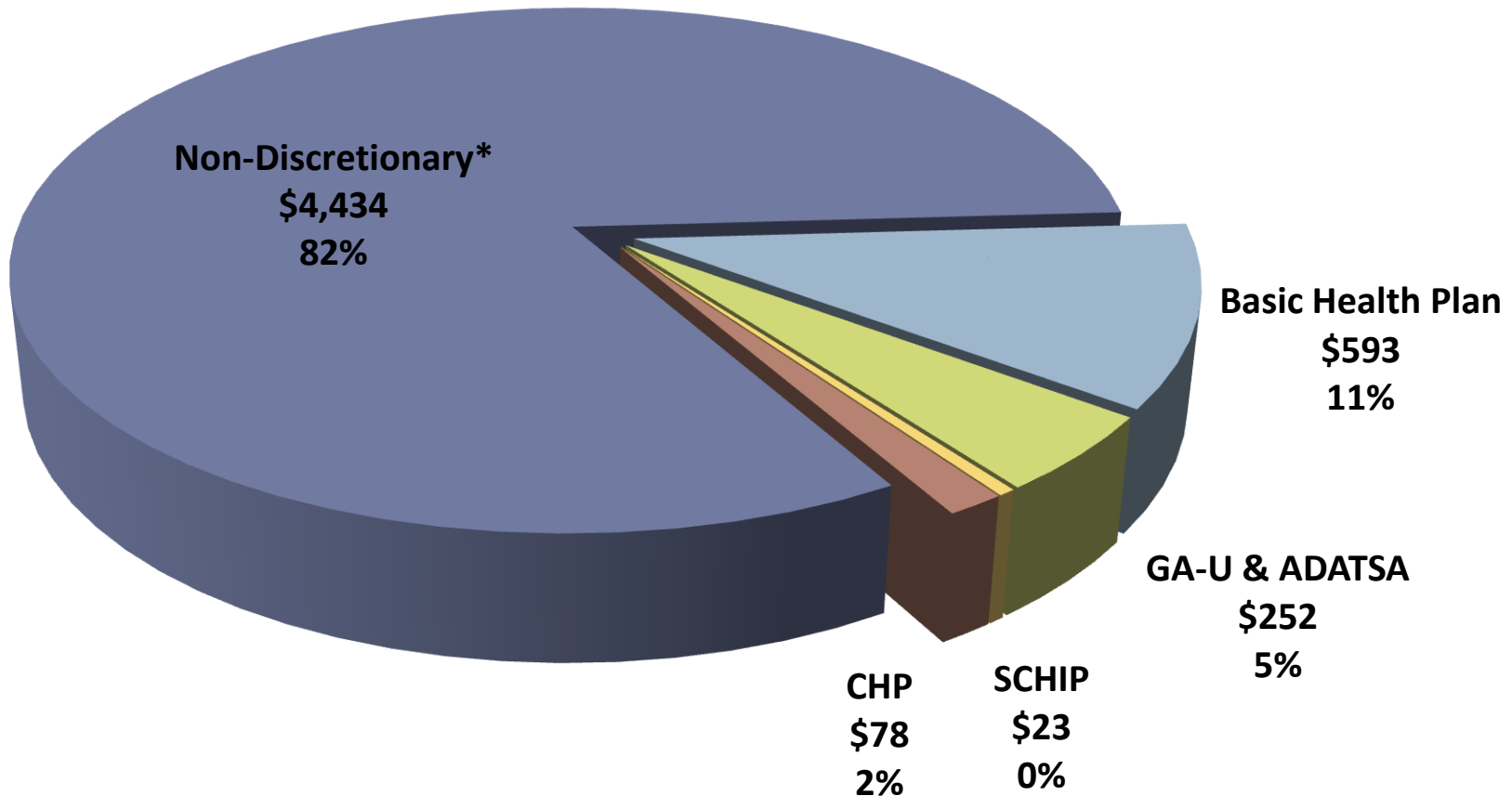
**To mitigate some of the impact of GA-U & BHP reductions, \$40 million is added to community clinic grant program**





**Recall that 18% or \$946 million of state expenditures are available for eligibility-related reductions**

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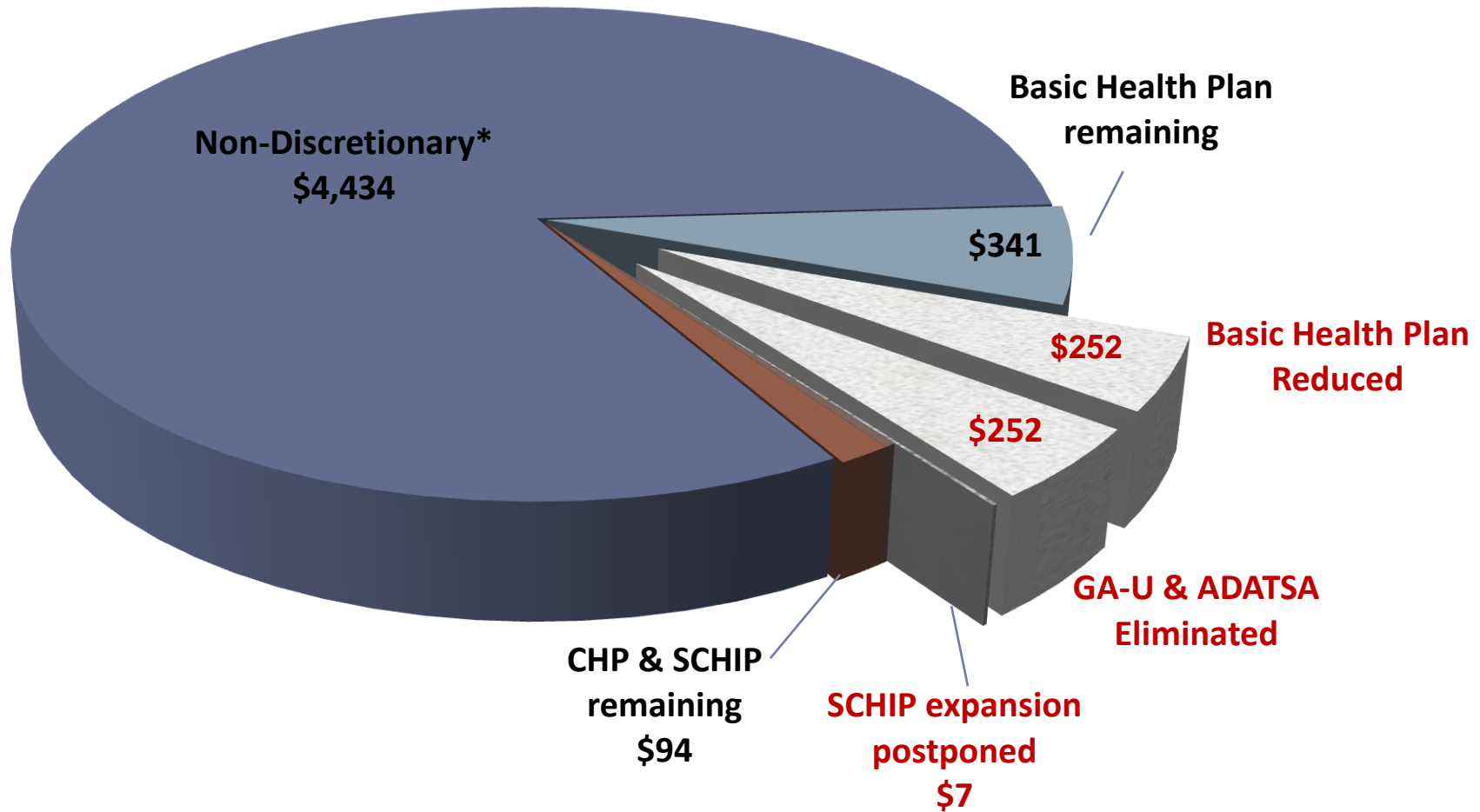


***2009-11 Projected State Expenditures: \$5.4 billion***

► 25 “Non-discretionary” caseloads include some that are technically “optional” under Medicaid rules but that the state would need to maintain eligibility for in order to qualify for the federal economic stimulus package

# The Governor's proposed reductions in eligibility-related state expenditures total \$511 million

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# Questions?

